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**VERMILION PARISH ASSESSOR**  
**FINANCIAL REPORT**  
**DECEMBER 31, 2004**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 7-13-05

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## **INDEPENDENT AUDITORS' REPORT**

The Honorable Michael G. Langlinais  
Vermilion Parish Assessor  
Abbeville, Louisiana

We have audited the accompanying basic financial statements of the Vermilion Parish Assessor as of and for the year ended December 31, 2004, as listed in the table of contents. These financial statements are the responsibility of the Assessor. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Vermilion Parish Assessor as of December 31, 2004, and the results of its operations for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

As described in Note 1, the Vermilion Parish Assessor has implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, "*Basic Financial Statements – and Management's Discussion and Analysis for States and Local Governments*," in 2004.

In accordance with Government Auditing Standards, we have also issued our report dated April 14, 2005 on our consideration of the Assessor's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards, and should be read in conjunction with this report in considering the results of our audit.

The Honorable Michael G. Langlinais  
Vermilion Parish Assessor  
Abbeville, Louisiana

The Vermilion Parish Assessor has not presented management's discussion and analysis that accounting principles generally accepted in the United States has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements. The budgetary comparison schedule listed as required supplementary information in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Broussard, Poche, Lewis + Breaux, L.L.P.*

Crowley, Louisiana  
April 14, 2005

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

VERMILION PARISH ASSESSOR

STATEMENT OF NET ASSETS

December 31, 2004

ASSETS

Cash	\$ 27,190
Certificates of deposit	428,515
Taxes receivable, net	510,931
Due from other governmental agencies	55,016
Accrued interest receivable	1,638
Capital assets:	
Depreciable, net	<u>55,012</u>
Total assets	<u>\$ 1,078,302</u>

LIABILITIES

Long-term liabilities:

Portion due within one year- note payable	6,440
Portion due after one year- note payable	<u>25,257</u>

Total liabilities	<u>\$ 31,697</u>
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NET ASSETS

Invested in capital assets, net of related debt	\$ 23,315
Unrestricted	<u>1,023,290</u>

Total net assets	<u>\$ 1,046,605</u>
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Total liabilities and net assets	<u>\$ 1,078,302</u>
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See Notes to Financial Statements.

VERMILION PARISH ASSESSOR

STATEMENT OF ACTIVITIES

Year Ended December 31, 2004

FUNCTION/PROGRAM	Expenses	Program Revenues		Net Expense and Change in Net Assets Governmental Activities
		Charges for Services	Capital Grants and Contributions	
<i>Governmental activities:</i>				
General government	\$ 576,302	\$ 18,775	\$ 11,413	\$ (546,114)
General revenues:				
Taxes-				
Property				\$ 525,118
Grants and contributions not restricted to specific programs				66,683
Investment earnings				14,388
Miscellaneous				<u>1,550</u>
Total general revenues				<u>\$ 607,739</u>
Change in net assets				\$ 61,625
Net assets, beginning				<u>984,980</u>
Net assets, ending				<u>\$ 1,046,605</u>

See Notes to Financial Statements.

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**FUND FINANCIAL STATEMENTS**

VERMILION PARISH ASSESSOR

BALANCE SHEET  
GOVERNMENTAL FUND  
December 31, 2004

	General Fund
<hr/>	
ASSETS	
Cash	\$ 27,190
Certificates of deposit	428,515
Ad valorem taxes receivable, net	510,931
Due from other governmental units	55,016
Accrued interest receivable	1,638
	<hr/>
Total assets	\$ 1,023,290
	<hr/>
LIABILITIES AND FUND BALANCE	
Liabilities:	
Deferred revenue	\$ 510,931
Fund balance:	
Unreserved - undesignated	512,359
	<hr/>
Total liabilities and fund balance	\$ 1,023,290
	<hr/>

See Notes to Financial Statements.

VERMILION PARISH ASSESSOR

RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET  
TO THE STATEMENT OF NET ASSETS  
December 31, 2004

Total fund balance - governmental fund \$ 512,359

Total net assets reported for governmental  
activities in the statement of net assets  
is different because:

Capital assets used in governmental  
activities are not financial resources and  
are therefore not reported in the fund.

Those assets consisted of:

Furniture, fixtures and equipment

\$ 121,241

Accumulated depreciation

(66,229)

55,012

Long-term liabilities are not due and payable  
in the current period and are therefore not  
reported in the governmental fund. All  
liabilities-both current and long-term are  
reported in the statement of net assets.

Balances at December 31, 2004 are:

Note payable

(31,697)

Most of the Assessor's taxes will be collected after  
year end; but, they are not available soon enough to  
pay for the current period's expenditures and are  
therefore reported as deferred revenue in the fund.

510,931

Total net assets of governmental activities

\$ 1,046,605

See Notes to Financial Statements.

VERMILION PARISH ASSESSOR

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE  
GOVERNMENTAL FUND  
Year Ended December 31, 2004

	General Fund
Revenues:	
Taxes- ad valorem	\$ 493,830
Intergovernmental:	
State revenue sharing	66,683
Vermilion Parish Police Jury	11,413
Charges for services	18,775
Investment earnings	14,388
Miscellaneous	1,550
	<hr/>
Total revenues	\$ 606,639
	<hr/>
Expenditures:	
Current:	
General government	\$ 568,339
Capital outlay	57,611
Debt service:	
Principal	3,094
Interest	845
	<hr/>
Total expenditures	\$ 629,889
	<hr/>
Deficiency of revenues over expenditures	\$ (23,250)
Other financing sources:	
Loan proceeds	\$ 34,791
	<hr/>
Net change in fund balance	\$ 11,541
Fund balance, beginning	500,818
	<hr/>
Fund balance, ending	\$ 512,359
	<hr/> <hr/>
See Notes to Financial Statements.	

VERMILION PARISH ASSESSOR

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE OF THE GOVERNMENTAL FUND TO  
THE STATEMENT OF ACTIVITIES  
Year Ended December 31, 2004

Net change in fund balance - governmental fund	\$ 11,541
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The change in net assets reported for governmental activities in the statement of activities is different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital outlay	\$ 57,611	
Depreciation expense	<u>(7,118)</u>	50,493

Revenue in the statement of activities that does not provide current resources is not reported as revenue in the fund.	31,288
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Loan proceeds are reported as financing sources in governmental funds and thus contribute to the change in fund balance; however, incurring debt increases long-term liabilities in the statement of net assets and does not affect the statement of activities. Similarly, repayment of principal is an expenditure in governmental funds but reduce the liability in the statement of net assets and does not affect the statement of activities.

Equipment loan proceeds	\$ (34,791)	
Principal payments	<u>3,094</u>	<u>(31,697)</u>

Change in net assets of governmental activities	<u>\$ 61,625</u>
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See Notes to Financial Statements.

## VERMILION PARISH ASSESSOR

### NOTES TO FINANCIAL STATEMENTS

#### Note 1. Summary of Significant Accounting Policies

The financial statements of the Vermilion Parish Assessor have been prepared in conformity with governmental accounting principles generally accepted in the United States of America (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant of the Assessor's accounting policies are described below:

In June 1999, the Governmental Accounting Standards Board (GASB) unanimously approved Statement No. 34, "Basic Financial Statements--and Management's Discussion and Analysis--for State and Local Governments." Certain of the significant changes in the Statement include the following:

1. For the first time the financial statements include:
  - a. A Management Discussion and Analysis (MD&A) section providing an analysis of the Assessor's overall financial position and results of operations. The Assessor has chosen not to present management's discussion and analysis that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be part of the basic financial statements.
  - b. Financial statements prepared using full accrual accounting for all of the Assessor's activities.
2. A change in the fund financial statements to focus on the major funds.

These and other changes are reflected in the accompanying basic financial statements of the Assessor (including the notes to the financial statements). The Assessor has implemented the Statement in the current year.

#### Reporting entity:

As provided by Article VII, Section 24 of the Louisiana Constitution of 1974, the Assessor is elected by the voters of the parish and serves a term of four years beginning January 1 following the year in which elected. A vacancy occurring in the office in which the unexpired term is one year or more is filled by a special election to be held within 60 days of the occurrence of the vacancy; a vacancy in which the unexpired term is less than one year is filled by an appointment of the governor.

The Assessor assesses property, prepares tax rolls, and submits the rolls to the Louisiana Tax Commission and other governmental bodies as prescribed by law. The Assessor is authorized to appoint as many deputies as may be necessary for the efficient operation of the office and provides assistance to the taxpayers of the parish. The deputies are authorized to perform all functions of the office, but the Assessor is officially and pecuniarily responsible for the actions of the deputies.

The assessor's office is located in the Vermilion Parish Courthouse in Abbeville, Louisiana. The assessor employs 8 deputies. In accordance with Louisiana law, the assessor bases real and movable property assessments on conditions existing on January 1 of the tax year. The assessor completes an assessment listing by May 1 of the tax year and submits the list to the parish governing authority and the Louisiana Tax Commission as prescribed by law. Once the assessment listing is approved, the assessor submits the assessment roll to the parish tax collector who is responsible for collecting and distributing taxes to the various taxing bodies.

## VERMILION PARISH ASSESSOR

### NOTES TO FINANCIAL STATEMENTS

#### Basis of presentation:

The Assessor's basic financial statements consist of the government-wide statements and the fund financial statements. The statements are prepared in accordance with accounting principles generally accepted in the United States of America as applied to governmental units.

#### Governmental-wide financial statements –

The government-wide financial statements include the statement of net assets and the statement of activities of the Assessor. These statements include the financial activities of the overall government. Governmental activities generally are financed through taxes, intergovernmental revenues and other nonexchange transactions.

In the government-wide statement of net assets, the governmental activities are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Assessor's net assets are reported in two parts – invested in capital assets and unrestricted.

The government-wide statement of activities reports both the gross and net cost of each of the Assessor's functions. The functions are also supported by general government revenues (property taxes, certain intergovernmental revenues, etc.). The statement of activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

The net cost (by function) is normally covered by general revenue (property taxes, intergovernmental revenues, interest income, etc.).

*The government-wide focus is more on the sustainability of the Assessor as an entity and the change in the Assessor's net assets resulting from the current year's activities.*

#### Fund financial statements –

The fund financial statements provide information about the Assessor's funds. The emphasis of fund financial statements is on major governmental funds. The Assessor has only one fund, its General Fund. The General Fund is the Assessor's general operating fund. It is used to account for all of the financial resources of the Assessor.

#### Basis of accounting:

#### Government-wide financial statements –

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the Assessor gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlement and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

#### Fund financial statements –

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible

## VERMILION PARISH ASSESSOR

### NOTES TO FINANCIAL STATEMENTS

within the current period or soon enough thereafter to be used to pay liabilities of the current period. The Assessor considers property taxes as "available" in the year following the assessment, when the majority of the taxes are collected.

Expenditures are recorded when the related fund liability is incurred, except for compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds.

#### Fixed assets:

The accounting treatment over property, plant and equipment (fixed assets) depends on whether the assets are reported in the government-wide or fund financial statements.

#### Government-wide statements –

In the government-wide financial statements, fixed assets are accounted for as capital assets. All fixed assets are valued at cost or estimated historical cost. Donated fixed assets are recorded at their fair value at the date of donation. The assessor maintains a threshold level of \$500 or more for capitalizing capital assets.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Depreciation is calculated on the straight-line method over the following estimated useful lives:

	<u>Years</u>
Furniture and fixtures	5
Equipment	5

#### Fund financial statements –

In the fund financial statements, fixed assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

#### Budget data:

The proposed budget is made available for public inspection before the end of the current calendar year. The proposed budget is published in the official journal prior to a public hearing. A public hearing is held at the Assessor's office in order to obtain comments from the public. The budget is then legally adopted by the Assessor. The budget is prepared on a basis consistent with generally accepted accounting principles (GAAP). All appropriations lapse at year-end.

#### Compensated absences:

The Assessor has the following policy relating to vacation and sick leave:

Vacations are mandatory and consist of two weeks leave which can be taken between January 1 and November 1 of each year. In addition to vacation, annual leave consists of twelve working days absence due to illness or business matters. Any unused portion of the annual leave will not be accumulated and carried forward and will be lost. If any employee exceeds the twelve day annual leave, the salary is reduced accordingly.

Should maternity, surgery, or prolonged illness require extended absence, paid leave not to exceed six weeks (including the twelve day annual leave) will be allowed.



## VERMILION PARISH ASSESSOR

### NOTES TO FINANCIAL STATEMENTS

GASB Statement No. 16 provides that vacation leave and other compensated absences with similar characteristics should be accrued as a liability as the benefits are earned by the employees if *both* of the following conditions are met:

1. The employees' right to receive compensation is attributable to services already rendered.
2. It is probable that the employer will compensate the employees for the benefits through paid time off or some other means, such as cash payments at termination or retirement.

Due to uncertainty and immateriality of actual amounts which will be paid for compensated absences, no accruals have been made at December 31, 2004 for such absences.

#### Equity classifications:

##### Government-wide statements –

Equity is classified as net assets and displayed in two components:

- a. Invested in capital assets – Consists of capital assets net of accumulate depreciation.
- b. Unrestricted net assets - All other net assets that do not meet the definition of “invested in capital assets.”

The Assessor has no restricted net assets.

##### Fund financial statements –

Governmental fund equity is classified as fund balance. Fund balance is further classified as reserved and unreserved, with unreserved further split between designated and undesignated.

#### Taxes receivable:

Taxes receivable are reported net of an allowance for uncollectible accounts based on prior experience. The allowance amount at December 31, 2004 is \$10,685.

#### Use of estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

#### Adoption of new accounting principle:

As a result of implementing Statement 34, the following adjustments were required to restate beginning net assets:

Total fund balances, as previously reported	\$ 500,818
Statement No. 34 adjustments:	
Recognition of previously deferred revenue	479,643
Capital assets, net of depreciation	<u>4,519</u>
Restated beginning net assets	<u>\$ 984,980</u>

## VERMILION PARISH ASSESSOR

### NOTES TO FINANCIAL STATEMENTS

#### Note 2. Deposits

Under state law, the Assessor may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

Deposits are stated at cost, which approximates fair value. Under state law, these deposits must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These pledged securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. The Assessor had a deposit balance (collective bank balances) of \$493,429 at December 31, 2004. These deposits are fully secured from risk by \$164,914 of federal deposit insurance (GASB Category 1) and \$328,515 of securities held by the custodial bank in the name of the fiscal agent bank (GASB Category 3) at December 31, 2004.

Even though the pledged securities are not considered collateralized (Category 3) under provisions of GASB Statement 3, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell pledged securities within 10 days of being notified by the Assessor that the fiscal agent has failed to pay deposited funds upon demand.

#### Note 3. Ad Valorem Taxes

##### Government-wide financial statements –

Property taxes are recognized in the year for which they are levied net of uncollectible amounts, as applicable.

##### Fund financial statements –

Ad valorem taxes are based on assessed values determined by the Assessor on a calendar year basis, become due on November 15 of each year, and become delinquent on December 31.

Taxes are budgeted and the revenue recognized in the year following the assessment, when the majority of the taxes are actually collected and the Assessor considers them “available.”

For the year ended December 31, 2004 taxes were levied on property with assessed valuations totaling \$286,037,320. The mileage was 2.55 for the year ended December 31, 2004.

Total taxes levied, exclusive of homestead exemptions, was \$534,234 for 2004. Taxes receivable at December 31, 2004 totaled \$510,931, net of an allowance for uncollectible amounts of \$10,685.

VERMILION PARISH ASSESSOR  
NOTES TO FINANCIAL STATEMENTS

Note 4. Capital Assets

Capital asset activity for the year ended December 31, 2004 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities -				
Capital assets being depreciated:				
Furniture and fixtures	\$ 13,971	\$ -	\$ -	\$ 13,971
Equipment	<u>49,659</u>	<u>57,611</u>	<u>-</u>	<u>107,270</u>
Total capital assets being depreciated	<u>\$ 63,630</u>	<u>\$ 57,611</u>	<u>\$ -</u>	<u>\$ 121,241</u>
Less accumulated depreciation for:				
Furniture and fixtures	\$ (13,971)	\$ -	\$ -	\$ (13,971)
Equipment	<u>(45,140)</u>	<u>(7,118)</u>	<u>-</u>	<u>(52,258)</u>
Total accumulated depreciation	<u>\$ (59,111)</u>	<u>\$ (7,118)</u>	<u>\$ -</u>	<u>\$ (66,229)</u>
Total capital assets being depreciated, net	<u>\$ 4,519</u>	<u>\$ 50,493</u>	<u>\$ -</u>	<u>\$ 55,012</u>

Depreciation expense was charged to functions as follows:

General government	<u>\$ 7,118</u>
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Note 5. Operating Lease

In September 2003, the Assessor entered into a three-year operating lease agreement for the lease of an automobile. The lease consists of 36 monthly payments of \$673 each, beginning October 2003. During 2004 lease payments made under this lease were \$8,073.

Total future minimum lease payments under the lease agreement are as follows:

2005	\$ 8,072
2006	<u>5,387</u>
	<u>\$13,459</u>

VERMILION PARISH ASSESSOR  
NOTES TO FINANCIAL STATEMENTS

Note 6. Long-Term Debt

Long-term liabilities consisted of the following at December 31, 2004:

Note payable to bank in monthly installments of \$657  
including interest of 5% due on June 19, 2009, secured  
by equipment. \$ 31,697

Required principal and interest payments to maturity of long-term debt at December 31, 2004 are as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2005	\$ 6,440	\$ 1,438	\$ 7,878
2006	6,769	1,109	7,878
2007	7,116	762	7,878
2008	7,478	400	7,878
2009	<u>3,894</u>	<u>57</u>	<u>3,951</u>
	<u>\$ 31,697</u>	<u>\$ 3,766</u>	<u>\$ 35,463</u>

Changes in Long-Term Debt. The following is a summary of debt transactions of the Assessor for the year ended December 31, 2004:

	<u>Balance December 31, 2003</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance December 31, 2004</u>
Note payable	<u>\$ -</u>	<u>\$ 34,791</u>	<u>\$ 3,094</u>	<u>\$ 31,697</u>

For the year ended December 31, 2004, \$845 of interest expense is in general government expenses in the statement of activities.

Note 7. Pension Plan

Plan Description:

Substantially all employees of the Vermilion Parish Assessor's office are members of the Louisiana Assessor's Retirement Fund ("System"), a cost sharing multiple-employer, public employee system (PERS), controlled and administered by a separate board of trustees.

All full-time employees who are under the age of 60 at the time of original employment and are not drawing retirement benefits from any other public retirement system in Louisiana are required to participate in the System. Employees who retire at or after age 55 with at least 12 years of credited service or at or after age 50 with at least 30 years of credited service are entitled to a retirement benefit, payable monthly for life, equal to 3% of their final-average salary for each year of credited service, not to exceed 100% of their final-average salary. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least 12 years of service and do not withdraw their employee contributions may retire at or after age 55 and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established or amended by state statute.

## VERMILION PARISH ASSESSOR

### NOTES TO FINANCIAL STATEMENTS

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Louisiana Assessors' Retirement System, Post Office Box 1786, Shreveport, Louisiana 71166-1786, or by calling (318) 425-4446.

#### Funding Policy:

Plan members are required by state statute to contribute 8% of their annual covered salary and the Vermilion Parish Assessor is required to contribute at an actuarially determined rate. The rates enacted for 2004 were 14% of annual covered payroll from January 1, 2004 through September 30, 2004 and 14.5% from October 1, 2004 through December 31, 2004. Contributions to the System also include one-fourth of 1% of the taxes shown to be collectible by the tax rolls of each parish, plus revenue sharing funds appropriated by the legislature. The contribution requirements of plan members and the Vermilion Parish Assessor are established and may be amended by state statute. As provided by R.S. 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Vermilion Parish Assessor's contributions to the System for the years ending December 31, 2004, 2003 and 2002 were \$47,341 \$47,825 and \$57,671 respectively, equal to the required contributions for each year.

#### Note 8. Compensation Paid to Elected Officials

Salaries paid to elected officials were as follows for the year ended December 31, 2004:

Michael G. Langlinais, Assessor	<u>\$ 95,337</u>
---------------------------------	------------------

In addition to his salary, an amount equal to 5% of his base salary or \$4,334, was contributed to a deferred compensation plan on the behalf of the Assessor and \$14,079 was contributed on his behalf to the pension plan described in Note 7.

#### Note 9. Expenses of the Assessor Not Included in the Financial Statements

Certain operating expenses of the Assessor's office are paid by the Vermilion Parish Police Jury (the "Jury"). They are:

1. Office space, equivalent to rent, is furnished by the Jury.
2. Utility bills are paid by the Jury.
3. The Assessor's office has the use of miscellaneous office furniture owned by the Jury.

#### Note 10. Deferred Compensation Plan

The Vermilion Parish Assessor offers its employees participation in the State of Louisiana Public Employees Deferred Compensation Plan adopted by the Louisiana Deferred Compensation Commission and established in accordance with the Internal Revenue Code Section 457. The plan is reported as an agency fund in the State of Louisiana's financial statements. The plan, available to all Assessors' employees, permits the employees to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or proof of hardship.

## VERMILION PARISH ASSESSOR

### NOTES TO FINANCIAL STATEMENTS

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property or rights are (until paid or made available to the employee or other beneficiary) solely the property and rights of the State of Louisiana (without being restricted to the provisions of benefits under the plan) subject only to the claims of the general creditors of the State of Louisiana. Participants' rights under the plan are equal to those of general creditors of the State of Louisiana in an amount equal to the fair market value of the deferred account for each participant.

It is the opinion of management, after consulting with legal counsel, that the Vermilion Parish Assessor has no liability for losses under the plan.

The Assessor makes matching contributions equal to the amount deferred by each employee but not in excess of 5% of an employee's salary, to the plan. For the year ended December 31, 2004, the Assessor contributed \$14,381 on behalf of its employees to the plan.

**REQUIRED SUPPLEMENTARY INFORMATION**

VERMILION PARISH ASSESSOR

BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
Year Ended December 31, 2004

	<u>Budgeted Amounts</u>		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes- ad valorem	\$ 489,432	\$ 489,432	\$ 493,830	\$ 4,398
Intergovernmental:				
State revenue sharing	35,000	35,000	66,683	31,683
Vermilion Parish Police Jury	7,500	7,500	11,413	3,913
Charges for services	12,808	12,808	18,775	5,967
Investment earnings	10,000	10,000	14,388	4,388
Miscellaneous	-	-	1,550	1,550
Total revenues	<u>\$ 554,740</u>	<u>\$ 554,740</u>	<u>\$ 606,639</u>	<u>51,899</u>
Expenditures:				
Current:				
General government:				
Salaries and related expenditures	\$ 497,616	\$ 497,616	\$ 485,439	\$ 12,177
Operating services	39,200	39,200	53,498	(14,298)
Materials and supplies	20,000	20,000	15,262	4,738
Travel and related expenditures	11,667	11,667	6,067	5,600
Lease expense	8,072	8,072	8,073	(1)
Capital outlay	-	-	57,611	(57,611)
Debt service:				
Principal	-	-	3,094	(3,094)
Interest	-	-	845	(845)
Total expenditures	<u>\$ 576,555</u>	<u>\$ 576,555</u>	<u>\$ 629,889</u>	<u>\$ (53,334)</u>
Deficiency of revenues over expenditures	\$ (21,815)	\$ (21,815)	\$ (23,250)	\$ (1,435)
Other financing sources:				
Loan proceeds	\$ -	\$ -	\$ 34,791	\$ 34,791
Net change in fund balance	\$ (21,815)	\$ (21,815)	\$ 11,541	\$ 33,356
Fund balance, beginning	500,818	500,818	500,818	-
Fund balance, ending	<u>\$ 479,003</u>	<u>\$ 479,003</u>	<u>\$ 512,359</u>	<u>\$ 33,356</u>



**VERMILION PARISH ASSESSOR**  
**NOTES TO BUDGETARY COMPARISION SCHEDULE**

**Budgets and budgetary accounting:**

The Assessor follows the following procedures in establishing the budgetary data reflected in the financial statements:

1. The Assessor submits a proposed operating budget for the fiscal year commencing the following January 1st. The operating budget includes proposed expenditures and the means of financing them.
2. A public hearing is conducted to obtain taxpayer comments.
3. The budget is then legally adopted by the Assessor.
4. Budgets are adopted on a basis consisted with generally accepted accounting principles (GAAP).
5. The budget is employed as a management control device during the year that assists its users in financial activity analysis.

All budged appropriations lapse at year-end. The budgets presented are the originally adopted budget and the final amended budget. Actual amounts may not vary more than 5% from the final amended budget at the individual fund level.

For the year ended December 31, 2004 the Assessor's actual expenditures in the general fund exceeded budgeted amounts by \$53,334 which is more than 5%, which is in violation of RS 39:1311 of the Local Government Budget Act. The act of noncompliance is noted as item #2004-2 in the schedule of findings and questioned costs.

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## **BROUSSARD, POCHÉ, LEWIS & BREAUX, L.L.P.**

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Donald W. Kelley, CPA\*  
Herbert Lemoine II, CPA\*  
Frank A. Stagno, CPA\*  
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L. Charles Abshire, CPA\*  
Kenneth R. Dugas, CPA\*  
P. John Blanchet III, CPA\*  
Stephen L. Lambousy, CPA\*  
Craig C. Babineaux, CPA\*  
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S. Scott Soileau, CPA\*  
Patrick D. McCarthy, CPA\*  
Martha B. Wyatt, CPA\*  
Troy J. Breaux, CPA\*  
Fayette T. Dupré, CPA\*  
Mary A. Castille, CPA\*  
Joey L. Breaux, CPA\*  
Terrel P. Dressel, CPA\*

### **Retired:**

Sidney L. Broussard, CPA 1980  
Leon K. Poché, CPA 1984  
James H. Breaux, CPA 1987  
Erma R. Walton, CPA 1988  
George A. Lewis, CPA\* 1992  
Geraldine J. Wimberley, CPA\* 1995  
Rodney L. Savoy, CPA\* 1996  
Larry G. Broussard, CPA\* 1996  
Lawrence A. Cramer, CPA\* 1999  
Michael P. Crochet, CPA\* 1999  
Ralph Friend, CPA 2002

Members of American Institute of Certified Public Accountants  
Society of Louisiana Certified Public Accountants

\*A Professional Accounting Corporation

### **REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

The Honorable Michael G. Langlinais,  
Vermilion Parish Assessor  
Abbeville, Louisiana

We have audited the financial statements of the Vermilion Parish Assessor as of and for the year ended December 31, 2004 and have issued our report thereon dated April 14, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

### **Compliance**

As part of obtaining reasonable assurance about whether the Vermilion Parish Assessor's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance required to be reported under Government Auditing Standards which is described in the accompanying schedule of findings and questioned costs as item #2004-2.

### **Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Vermilion Parish Assessor's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Vermilion Parish Assessor's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying schedule of findings and questioned costs as item #2004-1.

The Honorable Michael G. Langlinais  
Vermilion Parish Assessor  
Abbeville, Louisiana

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we consider the reportable condition described above to be a material weakness.

This report is intended for the information of management and the Legislative Auditor. However, this report is a matter of public record and its distribution is not limited.

Broussard, Poche, Lewis & Breau, L.L.P.

Crowley, Louisiana  
April 14, 2005

VERMILION PARISH ASSESSOR

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended December 31, 2004

We have audited the financial statements of Vermilion Parish Assessor as of and for the year ended December 31, 2004, and have issued our report thereon dated April 14, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our audit of the financial statements as of and for the year ended December 31, 2004 resulted in an unqualified opinion.

**Section I Summary of Auditors' Reports**

a. Report on Internal Control and Compliance Material to the Financial Statements

Internal Control

Material Weaknesses ☒ Yes ☐ No Reportable Conditions ☒ Yes ☐ No

Compliance

Compliance Material to Financial Statements ☒ Yes ☐ No

**Section II Financial Statement Findings**

**2004-1 General Administration**

Finding: As in previous years, our review of the internal control structure indicated inadequate segregation of duties.

Cause: Inadequate segregation of duties is due to the limited number of personnel performing the administrative functions.

Recommendation: Keeping in mind the limited number of personnel to which duties can be assigned, the Assessor should monitor assignment of duties to assure as much segregation of duties and responsibility as possible. In addition, we recommend that the Assessor perform more oversight functions to mediate risks caused by the inadequate segregation of duties.

**2004-2 Budgetary Practices**

Finding: The Assessor has not complied with LRS 39:1301-1315, the Local Government Budget Act by exceeding budgeted expenditures in the general fund by more than 5%.

Cause: The budget was not amended prior to the end of the year to stay within the 5% requirement.

Recommendation: We recommend that the Assessor follow the provisions of the Local Government Budget Act as it pertains to adopting budget amendments as circumstances warrant.

**VERMILION PARISH ASSESSOR**  
**SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS**  
**Year Ended December 31, 2004**

**I Internal Control and Compliance Material to the Financial Statements**

#2003-1 General Administration

Recommendation: We recommend that the Assessor perform more oversight functions to mediate risks caused by the inadequate segregation of duties.

Current status: This same finding is included in the current year schedule of findings and questioned costs.

**II Internal Control and Compliance Material to Federal Awards**

Not applicable.

**III Management Letter**

The prior year's report did not include a management letter.

**VERMILION PARISH ASSESSOR**  
**MANAGEMENT'S CORRECTIVE ACTION PLAN**  
**Year Ended December 31, 2004**

**Section I Internal Control and Compliance Material to the Financial Statements**

**2004-1 General Administration**

**Recommendation:** Keeping in mind the limited number of personnel to which duties can be assigned, the Assessor should monitor assignment of duties to assure as much segregation of duties and responsibility as possible. In addition, we recommend that the Assessor perform more oversight functions to mediate risks caused by the inadequate segregation of duties.

**Response:** Management has ensured as much segregation of duties as possible based on available resources. We will continue to monitor the situation.

**2004-2 Budgetary Practices**

**Recommendation:** We recommend that the Assessor follow the provisions of the Budget Act as it pertains to adopting budget amendments as circumstances warrant.

**Response:** Management agrees that the provisions of the Budget Act should be followed and it will be followed in the future.

**Responsible Party:** Michael G. Langlinais, Assessor